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By: **Chairman, Economic Matters Committee (By Request - Departmental -  
Business and Economic Development)**

Introduced and read first time: February 6, 2003

Assigned to: Economic Matters

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Committee Report: Favorable

House action: Adopted

Read second time: February 19, 2003

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2                                   **Business and Economic Development - Maryland Economic Development**  
3                                   **Assistance Fund and Maryland Competitive Advantage Financing Fund**

4 FOR the purpose of expanding the allowable uses of funds from the Maryland  
5 Economic Development Assistance Fund (MEDAF) to include expenditures for  
6 certain projects in certain federal disaster areas; expanding the list of industry  
7 sectors eligible to receive MEDAF funds; providing for the eligibility of certain  
8 applicants for funding from the Maryland Competitive Advantage Financing  
9 Fund; and generally relating to financial assistance from the Maryland  
10 Economic Development Assistance Fund and the Maryland Competitive  
11 Advantage Financing Fund.

12 BY repealing and reenacting, with amendments,  
13 Article 83A - Department of Business and Economic Development  
14 Section 5-1303, 5-1405(b), and 5-1410(e)  
15 Annotated Code of Maryland  
16 (1998 Replacement Volume and 2002 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
18 MARYLAND, That the Laws of Maryland read as follows:

19                                   **Article 83A - Department of Business and Economic Development**

20 5-1303.

21 (a) The Department may use moneys in the Fund to:

1 (1) Provide financial assistance to eligible applicants; and

2 (2) Pay expenses for administrative, actuarial, legal, and technical  
3 services for the Fund.

4 (b) Subject to the restrictions of this subtitle, the Department may provide  
5 financial assistance from the Fund to a business that:

6 (1) Is a small business;

7 (2) Has made reasonable efforts to obtain financial assistance on  
8 reasonable terms from other sources, OR IS LOCATED IN AN AREA DECLARED TO BE A  
9 FEDERAL DISASTER AREA, PROVIDED THAT THE BUSINESS APPLIES TO THE FUND  
10 WITHIN 1 YEAR OF THE FEDERAL DECLARATION; and

11 (3) Meets the qualifications required by this subtitle.

12 (c) To apply for financial assistance, an applicant shall submit an application  
13 to the Department on the form that the Department requires.

14 (d) The application shall include:

15 (1) A detailed business plan, including:

16 (i) An itemization of known and estimated costs;

17 (ii) The total amount of investment required; and

18 (iii) The amount of financial assistance requested from the  
19 Department;

20 (2) The amount of funds available to the applicant without financial  
21 assistance from the Department;

22 (3) Information relating to the financial status of the applicant,  
23 including:

24 (i) A current balance sheet;

25 (ii) A profit and loss statement;

26 (iii) Credit references; and

27 (iv) Evidence that the applicant and the owners are financially  
28 responsible, including:

29 1. A statement or evidence that neither the applicant nor any  
30 of its owners currently owes any State or federal taxes that were not paid when due;

31 or



1 (5) (i) Except as provided in item (ii) of this paragraph, up to 50% of  
2 the costs of renovations, construction, or purchase of real property, fixtures, or  
3 equipment related to a child care facility, but not for refinancing existing loans,  
4 working capital, supplies, or inventory; or

5 (ii) A business that has received or will receive a day care loan  
6 insured by the Maryland Industrial Development Financing Authority; such  
7 businesses shall be limited to financial assistance from the Fund of not more than  
8 20% of the costs described in item (i) of this paragraph;

9 (6) If incurred by a local government, costs of feasibility studies; [and]

10 (7) Up to 50% of the costs of preparing a county's or municipality's  
11 strategy or plan for economic development, not to exceed a total of \$50,000 in a 3-year  
12 period; AND

13 (8) ANY PROJECT INTENDED TO ASSIST BUSINESSES IN AREAS  
14 DECLARED FEDERAL DISASTER AREAS, BUT ONLY IF THE FUND RECEIVED AN  
15 APPLICATION FOR FINANCIAL ASSISTANCE WITHIN 1 YEAR AFTER THE  
16 DECLARATION OF THE FEDERAL DISASTER AREA.

17 5-1410.

18 (e) For the purpose of providing financial assistance under this subtitle, the  
19 following shall be deemed to be in eligible industry sectors and are not subject to the  
20 requirements specifically imposed on significant strategic economic development  
21 opportunities and local economic development opportunities:

22 (1) Animal waste technology projects;

23 (2) Aquaculture projects;

24 (3) Redevelopment of qualified brownfields sites;

25 (4) Creation or expansion of child care facilities; [and]

26 (5) Arts and entertainment enterprises and arts and entertainment  
27 projects; AND

28 (6) PROJECTS IN AREAS DECLARED TO BE FEDERAL DISASTER AREAS  
29 WITHIN 1 YEAR BEFORE THE DEPARTMENT RECEIVES AN APPLICATION FOR  
30 FINANCIAL ASSISTANCE UNDER THIS SUBTITLE.

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
32 effect July 1, 2003.

